KEEGAN WERLIN LLP

ATTORNEYS AT LAW
265 FRANKLIN STREET
BOSTON, MASSACHUSETTS 02110-3113

(617) 951-1400

TELECOPIERS:
(617) 951-1354
(617) 951-0586

June 27, 2006

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: NSTAR Electric Company, D.T.E. 06-40

Dear Secretary Cottrell:

Enclosed for filing in the above-referenced matter are the responses to the Information Requests set forth on the accompanying list.

Thank you for your attention to this matter.

Sincerely,

Robert N. Werlin

Robert N. Werlin

Enclosures

cc: Service List

Responses to Information Requests

DTE-1-3
DTE-1-4
DTE-1-5
DTE-1-6
DTE-1-8
DTE-1-9
DTE-1-10
DTE-1-11
DTE-1-12
DTE-1-18
DTE-1-20
DTE-1-22
DTE-1-23

Information Request DTE-1-3

Refer to Exh. NSTAR-CLV-1, at 11. Please provide the following information for Cambridge and Commonwealth:

(1) The amount of debt, broken down by series, that the Companies intend to recall;
(2) The amount of debt, if any, that would remain outstanding;
(3) The call premiums associated with each issuance; and
(4) A description of the call provisions.

Response

Please refer to Attachment DTE 1-3(a) for the responses to the first three questions.

Attachment DTE 1-3(b) provides a description of the call provisions for Cambridge debt series 8.70%.

Attachment DTE 1-3(c) provides a description of the call provisions for Commonwealth debt series 9.37%.

Attachment DTE 1-3(d) provides a description of the call provisions for Commonwealth debt series 9.55%, 9.53% and 9.60%.

Attachment DTE 1-3(e) provides a description of the call provisions for Commonwealth debt series 7.70%, 7.98% and 8.47%.

| Company | Series | Amount of Debt to be called ($M) | Amount of Debt to remain outstanding | Estimated (1) make whole premium ($M) |
|---|---|---|---|---|
| Cambridge Electric Light Co. | 8.70% | $5.0 | $0 | $0.08 |
| Commonwealth Electric Co. | 9.37% | $5.263166 | $0 | $0.60 |
| Commonwealth Electric Co. | 9.55% | $1.428574 | $0 | $0.05 |
| Commonwealth Electric Co. | 9.53% | $10.0 | $0 | $2.70 |
| Commonwealth Electric Co. | 9.60% | $10.0 | $0 | $3.90 |
| Commonwealth Electric Co. | 7.70% | $10.0 | $0 | $0.30 |
| Commonwealth Electric Co. | 7.98% | $25.0 | $0 | $3.20 |
| Commonwealth Electric Co. | 8.47% | $15.0 | $0 | $4.40 |

(1) The actual make whole premium won't be determined until closer to the redemption date and will depend upon interest rates at that time.

The "Make-Whole Amount" shall mean the product of (i) the excess, if any, of (A) the present value as of the date of payment of the Notes of the principal payment at final maturity and the remaining scheduled interest payments on the Notes (determined by discounting such amounts at the "Reinvestment Yield" from the respective dates on which such principal payment and interest payments are payable) over (B) 100% of the principal amount of the outstanding Notes, times (ii) a fraction, the numerator of which is the principal amount of the Notes to be prepaid on such date and the denominator of which is 100% of the principal amount of the outstanding Notes.

"Reinvestment Yield" shall be 50 Basis Points plus the weekly average yield published in the Statistical Release under the caption "U.S. Government Securities-Treasury Constant Maturities" for the Constant Maturity corresponding to the remaining life to maturity of the Notes during the week immediately preceding the week in which the Company notifies the Trustee of its intent to redeem, rounded to the nearest year. If no Constant Maturity exactly corresponds to such rounded life to maturity, the weekly average yields for the two most closely corresponding published Constant Maturities shall be calculated pursuant to the immediately preceding sentence and the Reinvestment Yield shall be interpolated from such yields on a straight-line basis.

"Statistical Release" shall mean the statistical release designated "H.15(519)" which is published weekly by the Federal Reserve System or, if such statistical release is not published at the time of any determination hereunder, then such other reasonably comparable index which shall be designated by holders of 66-2/3% in aggregate principal amount of the outstanding Series H Notes and which shall be reasonably acceptable to the Company.

The principal hereof may become due on the conditions, in the manner, and at the time set forth in the Indenture, if default be made in the performance of the Company's covenants as described therein.

If a date fixed for redemption of this note is an interest payment date, the interest accrued to the redemption date shall be paid to the person in whose name this note is registered at the close of business on the 15th day of the month preceding such interest payment date, unless such 15th day shall not be a business day (as defined on the face hereof) in which event on the next succeeding business day (as so defined).

The Indenture may be modified and amended in certain respects upon the conditions and in the manner provided therein with the consent, in writing or by a noteholders' resolution adopted at a meeting, of holders of not less than 66-2/3% in principal amount of the notes of one or more series affected differently from those of any other series; provided, however, that no such amendment or modification shall change the time of payment of the principal, premium, if any, or interest on this note or change the principal amount or premium or rate of interest payable on this note, or affect or impair the obligations of the Company in respect of the principal, premium, if any, or interest on this note, without the written consent of the holder hereof, or change the percentages of holders of notes required for any action or consent hereunder without the consent of the holders of all the notes then outstanding, or modify, without the written consent of the Trustee, the rights, duties or immunities of the Trustee.

No recourse shall be had for the payment of the principal of or interest on this note against any stockholder, director or officer, as such, of the Company, or of any predecessor or successor corporation, either directly or through the Company, under any statute or by the enforcement of any assessment or otherwise of such liability, all stockholders, directors and officers being released by the holder hereof by the acceptance of this note and such liability being also waived and released by the terms of the Indenture.

to the Lender or its nominee, in any denominations (multiples of $1,000), and in such aggregate principal amount, all as the Lender may specify by timely notice to the Company (or, in the absence of such notice, a single Registered Note registered in the name of the Lender), dated the Closing Date, and otherwise duly completed and executed by the Company. The date and time for making the loan is January 7, 1987 at 10 A.M. or any other date or time agreed to by the Company and the Lender (the "Closing Date") at the offices of Milbank, Tweed, Hadley & McCloy, 1 Chase Manhattan Plaza, New York, New York 10005.

(b) If the Lender is a bank, the Lender represents to the Company that it is acquiring the Notes hereunder in the ordinary course of its commercial banking business.

(c) If the Lender is not a bank, the Lender represents to the Company that it is acquiring the Notes hereunder for its own general account and/or for one or more separate accounts maintained by it, for investment and with no present intention of distributing or reselling the Notes, subject, however, to the disposition thereof being at all times within its control.

§3. PREPAYMENTS, ETC.

§3.1 Required Prepayments of 9.37% Notes. On January 1, 1994 and on each January 1 thereafter to and including January 1, 2011 so long as any of the 9.37% Notes shall be outstanding, there shall become due and payable, and the Company will prepay, $1,052,631 aggregate principal amount of such Notes (or, if less, the unpaid balance thereof) at the principal amount prepaid, without prepayment premium, whether or not any optional prepayment of the 9.37% Notes has been or is being made pursuant to §3.2.

§3.2 Optional Prepayments. The Company may, at its option, upon notice given as provided in §3.3, on any date on which interest on the Notes is required to be paid thereunder, prepay the Notes in whole or in part, by paying an amount (not less than zero) equal to the greater of (i) 100% of the aggregate principal amount of the Notes to be prepaid or (ii) an amount equal to the then present value of the required principal and interest payments of the Notes (or any part thereof) that are avoided by such prepayment discounted at a rate equal to the yield for the most recently issued U.S. Treasury obligations having a final maturity equal to the Weighted Average Life to Final Maturity of the principal payments (or any part thereof) avoided by such prepayment. For purposes of clause (ii) of the immediately preceding sentence: (a) the yield for such U.S. Treasury obligations shall be deemed to be the yield for such obligations based on the quotation therefor at 10 A.M. (or as soon thereafter as practicable) on the Business Day preceding the prepayment date as published by Telerate Systems, Inc. ("TSI") at pages 8 and 10 of TSI's data base, or any successor page or publication thereto (or, if TSI shall no longer be publishing such quotation, as obtained from a comparable source determined by the Lender); (b) if the Weighted Average Life to Final Maturity of the principal payments avoided is not equal to the maturity of a single such issue of U.S. Treasury obligations, the yield to be used shall be determined by interpolating between such yield for the issue having the closest maturity shorter than such Weighted Average Life to Final Maturity and such yield for the issue having the closest maturity longer than such Weighted Average Life to Final Maturity; and (c) "Weighted Average Life to Final Maturity" means, at the time of the determination thereof, the number of years obtained by dividing the then Remaining Dollar-Years of the principal payments avoided by such prepayment by the then outstanding principal amount thereof (and, for purposes of the foregoing, "Remaining Dollar-Years" means, as at the time of determination thereof, the sum of the products obtained by multiplying the amount of each principal payment (or any part thereof) that is avoided by such prepayment by the number of years (calculated to the nearest one-twelfth) which will elapse between such date of determination and the date such payment is due. Any such prepayment of the 9.37% Notes shall be applied to the aggregate unpaid principal amount of such Notes in inverse order of the maturities of the required prepayments provided for in §3.1.

§3.3 Notice of Optional Prepayment; Obligation to Pay After Notice. In the case of a prepayment of the Notes pursuant to §3.2, notice thereof shall be given in writing not less than 30 nor more than 60 days prior to the date of such prepayment, which notice shall specify the principal amount to be prepaid. Upon the giving of any such notice, there shall become due and payable on such prepayment date the amount required to be paid pursuant to §3.2.

§3.4 Application of Prepayments. Each optional prepayment under §3.2 of less than the entire unpaid amount of all outstanding Notes shall be applied pro rata, as nearly as practicable, to all outstanding Notes according to the respective unpaid principal thereof.

SECTION 5. PREPAYMENTS

5.1 Required Prepayments.

(a) 2004 Notes. In addition to paying the entire outstanding principal amount and the interest due on the 2004 Notes on the maturity date thereof, the Company will prepay, and there shall become due and payable, $2,500,000 principal amount of the 2004 Notes on December 1 of each year beginning on December 1, 1996 through December 1, 1999, inclusive, and $1,000,000 principal amount on December 1 of each year thereafter until final maturity. Each such prepayment shall be at 100% of the principal amount prepaid, together with interest accrued thereon to the date of prepayment.

(b) 2007 Notes. In addition to paying the entire outstanding principal amount and the interest due on the 2007 Notes on the maturity date thereof, the Company will prepay, and there shall become due and payable, $1,428,571 principal amount of the 2007 Notes on December 1 of each year beginning on December 1, 2001 and in each year thereafter through final maturity. Each such prepayment shall be at 100% of the principal amount prepaid, together with interest accrued thereon to the date of prepayment.

(c) The Company's exercise of the prepayment option in Section 5.2, or the acquisition of any Notes by the Company, shall not reduce or otherwise affect its obligation to make any prepayment required by Section 5.1(a) or (b).

5.2 Option to Prepay.

The Company may prepay the Notes in whole or in part on the first day of any month prior to maturity, in multiples of $100,000, with accrued interest thereon to the date of such prepayment, together with a premium equal to the Make-Whole Amount.

5.3 Notice of Optional Prepayment.

The Company will give notice of any optional prepayment of the Notes to each holder of the Notes not less than 30 days nor more than 60 days before the date fixed for prepayment, specifying (a) such date, (b) the section of this Agreement under which the prepayment is to be made, (c) the principal amount of the holder's Notes to be prepaid on such date, and (d) the accrued interest applicable to the prepayment. Such notice of prepayment shall also demonstrate compliance with Section 5.4. The Company shall calculate the premium applicable to any prepayment for each series of Notes within 5 business days prior to the time fixed for such prepayment and shall give notice of such amount, together with the detailed calculation thereof, not less than 3 business days before the time fixed for such prepayment. Notices of prepayment and premium having been so given, the aggregate principal amount of the Notes specified in such notice, together with the premium if any, and accrued interest thereon shall become due and payable on the prepayment date.

### 5.4 Partial Prepayment Pro Rata.

If there is more than one holder of 2004 Notes or 2007 Notes, the aggregate principal amount of each required partial prepayment of such series of Notes shall be allocated in units of $1,000 or multiples thereof among the holders of such series of Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts of such series of Notes then outstanding, with adjustments, to the extent practicable, to equalize for any prior prepayments not in such proportion. If there is more than one holder of any of the Notes, the aggregate principal amount of each optional partial prepayment of the Notes (regardless of series) shall be allocated in units of $1,000 or multiples thereof among the holders of the Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts of the Notes then outstanding, with adjustments to the extent practicable, to equalize for any prior prepayments not in such proportion. For the purpose of this Section 5.4 only, any Notes reacquired by the Company shall be deemed to be outstanding and the Company shall be deemed to be the holder thereof.

### 5.5 Surrender of Notes on Prepayment.

Subject to Section 4.1, upon any partial prepayment of a Note, such Note may, at the option of the holder thereof, be (a) surrendered to the Company pursuant to Section 6.2 in exchange for a new Note in a principal amount equal to the principal amount remaining unpaid on the surrendered Note, or (b) made available to the Company for notation thereon of the portion of the principal so prepaid. In case the entire principal amount of any Note is prepaid, such Note shall be surrendered to the Company for cancellation and shall not be reissued, and no Note shall be issued in lieu of the prepaid principal amount of any Note.

agreements to keep-well or otherwise), other than any endorsement for collection or deposit in the ordinary course of business; provided, however, that Operating Leases shall not constitute Guaranties.

Institutional Holder - shall mean any bank, trust company, insurance company, fraternal benefit society, pension fund, mutual fund or other institutional investor.

Lien - any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on the common law, statute or contract, and including but not limited to the security interest lien arising from a mortgage, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term "Lien" shall include reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases and other minor title exceptions and encumbrances affecting Property; provided, that they do not constitute security for monetary obligations. For the purposes of this Agreement, the Company or a Subsidiary shall be deemed to be the owner of any Property which it has acquired or holds subject to a conditional sale agreement, Financing Lease or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person for security purposes, and such retention or vesting shall be deemed to create a Lien on such Property.

Make-Whole Amount - an amount, determined as of the date of any prepayment pursuant to Sections 5.2 or 7.7 or any acceleration pursuant to Section 9.2 in respect of each Note (or the portion thereof) to be prepaid or each Note being accelerated, equal to the amount (but not less than zero) obtained by subtracting (i) the sum of the unpaid principal amount of such Note (or the portion thereof) being prepaid or accelerated and the amount of interest thereon accrued to the prepayment date or date of acceleration, as the case may be, from (ii) the sum of the Current Values of each prospective interest payment, required prepayment and principal payment at maturity (each such amount of principal or interest being referred to herein as an "Amount Payable") being prepaid or accelerated that would otherwise have become due on and after the date of such determination if such Note were not being prepaid or accelerated. The "Current Value" of any Amount Payable means such Amount Payable discounted (on a semiannual basis) to its present value on the date of determination at the Make Whole Yield applicable to such Amount Payable, in accordance with the following formula:

$$\text{Current Value} = \frac{\text{Amount Payable}}{(1 + d/2)n}$$

where "d" is the Make Whole Yield per annum expressed as a decimal and "n" is an exponent (which need not be an integer) equal to the number of semiannual periods and portions thereof (any such portion of a period to be determined by dividing the number of days in such portion of such period by the total number of days in such period, both computed on the basis of twelve 30-day months in a 360-day year) from the date of such determination to the scheduled payment date of the Amount Payable. The "Make Whole Yield" shall be determined by reference to the most recent Federal Reserve Statistical Release H.15(519) which has become publicly available at least five business days prior to the date fixed for prepayment or the date of acceleration, as the case may be (or, if such Statistical Release is no longer published, any publicly available source of similar market data acceptable to the holder or holders of at least 50% in principal amount of the outstanding Notes being prepaid or accelerated, as the case may be), and shall be the sum of (a) the most recent weekly average yield on actively traded U.S. Treasury securities adjusted to a constant maturity equal to the then remaining weighted average life of all Amounts Payable (the "Remaining Life"), computed by dividing (x) the sum of all Amounts Payable into (y) the total of the products obtained by multiplying (A) the amount of each Amount Payable by (B) the number of years (calculated to the nearest one-twelfth) which will elapse between the date as of which such computation is made and the due date of the Amount Payable, plus (b) 25 basis points. If the Remaining Life with respect to any Amount Payable is not equal to the constant maturity of a U.S. Treasury security for which a weekly average yield is given, the weekly average yield to be determined in clause (a) in the preceding sentence shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of (1) the actively traded U.S. Treasury security with the constant maturity closest to and greater than the Remaining Life and (2) the actively traded U.S. Treasury security with the constant maturity closest to and less than the Remaining Life, except that if the Remaining Life is less than one year, the weekly average yield on actively traded U.S. Treasury securities adjusted to a constant maturity of one year shall be used. The Make Whole Yield shall be computed to the fifth decimal place (one thousandth of a percentage point) and then rounded to the fourth decimal place (one hundredth of a percentage point).

Net Earnings - of the Company means and shall be determined, as the case may be, for any particular period of twelve (12) reports and papers of the Parent and such agreement shall be in full force and effect.

3I. **Proceedings.** All corporate and other proceedings taken or to be taken in connection with the transactions contemplated hereby and all documents incident thereto shall be satisfactory in substance and form to such Purchaser, and such Purchaser shall have received all such counterpart originals or certified or other copies of such documents as it may reasonably request.

3J. **Sale of Notes to Other Purchasers.** The Company shall have sold to the other Purchasers the Notes to be purchased by them at the closing and shall have received payment in full therefor.

4. **PREPAYMENTS.** The Notes shall be subject to prepayment with respect to the optional prepayments permitted by paragraph 4A and the required prepayments specified in paragraph 4D.

4A. **Optional Prepayment With Yield-Maintenance Amount.** The Notes shall be subject to prepayment, in whole at any time or from time to time in part (in multiples of $100,000), at the option of the Company, at 100% of the principal amount so prepaid plus interest thereon to the prepayment date and the Yield-Maintenance Amount, if any, with respect to each Note.

4B. **Notice of Optional Prepayment.** The Company shall give the holder of each Note irrevocable written notice of any prepayment pursuant to paragraph 4A not less than 30 days nor more than 60 days prior to the prepayment date, (i) specifying such prepayment date, (ii) specifying the aggregate principal amount of the Notes to be prepaid on such date and the aggregate principal amount of Notes held by such holder to be prepaid on such date, (iii) stating the Yield-Maintenance Amount, if any, payable pursuant to paragraph 4A (calculated as of the date of such notice and proffered solely as an estimate of the Yield-Maintenance Amount due upon prepayment) and setting forth in reasonable detail the calculations used in computing such Yield-Maintenance Amount, including with such notice a copy of the source of market data used in determining the Reinvestment Yield and (iv) stating that such prepayment is to be made pursuant to paragraph 4A. Notice of prepayment having been given as aforesaid, the principal amount of the Notes specified in such notice, together with interest thereon to the prepayment date and together with the Yield-Maintenance Amount, if any, with respect thereto, shall become due and payable on such prepayment date. On the date two Business Days prior to the date of any prepayment pursuant to paragraph 4A, the Company shall notify the holder of each Note of the amount of Yield-Maintenance Amount, if any, required to be paid to the holder of such Note under paragraph 4A and setting forth in reasonable detail the calculations used in computing such Yield-Maintenance Amount, including with such notice a copy of the source of market data used in determining the Reinvestment Yield.

4C. **Partial Payments Pro Rata.** Upon any partial prepayment of the Notes pursuant to paragraph 4A, the principal amount so prepaid shall be allocated to all Notes (regardless of series) at the time outstanding in proportion, as nearly as practicable, to the respective outstanding principal amounts thereof, with adjustments to the extent practicable, to equalize for any prior prepayments not in such proportion.

4D. **Contingent Prepayments on Disposition of Assets.** If the Company or any Subsidiary sells, leases or otherwise transfers any of its Property or any Restricted Subsidiary issues or transfers any shares of Subsidiary Stock, in either case, pursuant to subclause (iii)(b)(2) of paragraph 6F, the Company shall offer to prepay at 100% of the principal amount so prepaid plus interest thereon to the prepayment date and the Yield-Maintenance Amount, if any, with respect thereto, a principal amount of the outstanding Notes equal to the Allocable Sale Proceeds. If the Company offers to partially prepay the Notes pursuant to this paragraph 4D, the principal amount of each Note that the Company offers to prepay shall be determined by allocating the Allocable Sale Proceeds pro rata among the holders of the Notes outstanding on the date such prepayment is to be made according to the aggregate then unpaid principal amounts of the Notes. Interest payments shall not be made from Excess Sale Proceeds.

4E. **Notice of Contingent Prepayment on Disposition of Assets.** The Company shall give the holder of each Note irrevocable written notice of any offer to prepay the Notes pursuant to paragraph 4D not later than the date of the transaction giving rise to such prepayment (and not more than 60 days prior to the date of such transaction), (i) specifying such prepayment date (which date shall be not more than 35 days following receipt of the Excess Sale Proceeds and 60 days following the date of such notice), (ii) setting forth a description of the assets disposed of, the purchaser of such assets, the purchase price, the amount of Excess Sale Proceeds and the date of such transaction, (iii) specifying the amount of Allocable Sale Proceeds and setting forth in reasonable detail the calculations used in computing such amount, (iv) specifying the aggregate principal amount of the Notes offered to be prepaid on such date and the aggregate amount of Notes held by such holder offered to be prepaid on such date, (v) stating the Yield-Maintenance Amount, if any, payable pursuant to paragraph 4D (calculated as of the date of such notice and proffered solely as an estimate of the Yield-Maintenance Amount due upon prepayment) and setting forth in reasonable detail the calculations used in computing such Yield-Maintenance Amount, including with such notice a copy of the source of market data used in determining the Reinvestment Yield and (vi) stating that such prepayment is to be made pursuant to paragraph 4D. On the date two Business Days prior to the date of any prepayment pursuant to paragraph 4D, the Company shall notify the holder of each Note of the amount of Yield-Maintenance Amount, if any, required to be paid to the holder of such Note under paragraph 4D, setting forth in such notice in reasonable detail the calculations used in computing such Yield-Maintenance Amount, and including with such notice a copy of the source of market data used in determining the Reinvestment Yield.

4F. **Acceptance and Allocation of Contingent Prepayment.** The holder of any Note wishing to accept the Company's offer made pursuant to paragraph 4D or any portion thereof (an "Accepting Holder") shall do so by written notice given to the Company at least five days prior to the prepayment date specified in the notice of the Company given pursuant to paragraph 4E and may include in such acceptance an agreement to have prepaid, in addition to the Allocable Sale Proceeds allocable to such Note, all or any part of the balance of the principal amount of such Note, specifying the maximum principal amount of such Note which such Accepting Holder is willing to have prepaid. Upon receipt of all timely acceptances from Accepting Holders, the Company shall allocate that portion of the Allocable Sale Proceeds that was allocated to the Notes of non-Accepting Holders among the Notes of Accepting Holders in proportion to the respective

10. DEFINITIONS. For the purpose of this Agreement, the terms defined in the introductory sentence and in paragraphs 1 and 2 shall have the respective meanings specified therein, and the following terms shall have the meanings specified with respect thereto below:

**10A. Yield-Maintenance Terms.**

**"Business Day"** shall mean any day other than a Saturday, a Sunday or a day on which commercial banks in New York City are required or authorized to be closed.

**"Called Principal"** shall mean, with respect to any Note, the principal of such Note that is to be prepaid pursuant to paragraphs 4A or 4D or is declared to be or automatically becomes immediately due and payable pursuant to paragraph 7A, as the context requires.

**"Discounted Value"** shall mean, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

**"Reinvestment Yield"** shall mean, with respect to the Called Principal of any Note, 0.50% over the yield to maturity implied by (i) the yields reported, as of 10:00 a.m. (New York City time) on the Business Day next preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page 500" on the Telerate Service (or such other display as may replace Page 500 on the Telerate Service) for actively traded U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or if such yields shall not be reported as of such time or the yields reported as of such time shall not be ascertainable, (ii) the Treasury Constant Maturity Series yields reported, for the latest day for which such yields shall have been so reported as of the Business Day next preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. Such implied yield shall be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between yields reported for various maturities.

"**Remaining Average Life**" shall mean, with respect to the Called Principal of any Note, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) each Remaining Scheduled Payment of such Called Principal (but not of interest thereon) by (b) the number of years (calculated to the nearest one-twelfth year) which will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"**Remaining Scheduled Payments**" shall mean, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due on or after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date.

"**Settlement Date**" shall mean, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to paragraphs 4A or 4D or is declared to be or automatically becomes immediately due and payable pursuant to paragraph 7A, as the context requires.

"**Yield-Maintenance Amount**" shall mean, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Called Principal of such Note over such Called Principal. The Yield-Maintenance Amount shall in no event be less than zero.

10B. **Other Terms.**

"**Adjusted Net Income**" shall mean net earnings after income taxes of the Company and each Restricted Subsidiary (but only for the period during which it is a Restricted Subsidiary), determined on a consolidated basis and in accordance with generally accepted accounting principles, excluding:

Information Request DTE-1-4

Refer to Exh. NSTAR-CLV-1, at 11. Do the Companies intend to recall any of Canal's outstanding debt? If so, please provide (1) the amount of debt, broken down by series, that the Companies intend to recall, (2) the amount of debt, if any, that would remain outstanding; (3) the call premium associated with each issuance; and (4) a description of the call provisions.

Response

Canal does not have any outstanding debt.

Information Request DTE-1-5

Refer to Exh. NSTAR-CLV-1, at 11. Were the $200 million in 30-year debentures issued during the first quarter of 2006 part of the $500 million financing plan approved by the Department in Boston Edison Company, D.T.E. 03-129 (2003), as subsequently extended in Boston Edison Company, D.T.E. 03-129-A (2005)? If so, please explain whether the intended redemption of other companies' long-term debt constitutes a "reasonably necessary" purpose of the $500 million financing plan approved by the Department in D.T.E. 03-129 and D.T.E. 03-129-A.

Response

The $200 million of 30-year debentures issued by Boston Edison and referenced in Exhibit NSTAR-CLV-1, at 11, were part of the $500 million financing plan approved by the Department in D.T.E. 03-129. The proceeds from that financing were not used to redeem the long-term debt of Cambridge or Commonwealth, but were used to pay down then-outstanding short-term debt of Boston Edison, which had been incurred to finance capital expenditures and general working-capital requirements of Boston Edison. This is consistent with the terms of the Department's approval in D.T.E. 03-129, which determined "that issuing debt for the purposes of paying down short-term debt… is a 'legitimate utility purpose' as contemplated by G.L. c. 164, s. 14" and "reasonably necessary" for purposes of the proposed financing. Boston Edison Company, D.T.E. 03-129, at 14-15 (2004).

Information Request DTE-1-6

Refer to Exh. NSTAR-CLV-1, at 11, and DTE 1-5, above. Please explain Boston Edison's use of the proceeds associated with the $200 million debenture issued during the first quarter of 2006, in light of the fact that the long-term debt for Cambridge and Commonwealth remains outstanding.

Response

As described in the response to Information Request DTE-1-5, Boston Edison used the proceeds associated with the $200 million debenture to retire short-term debt of Boston Edison. The statement in Exhibit NSTAR-CLV-1, at 11 is that the issuance was made "in anticipation of financing the recall of Commonwealth and Cambridge's debt." By retiring $200 million of Boston Edison short-term debt, the merged company will have sufficient borrowing capacity to retire the remaining long-term debt of Cambridge and Commonwealth at the time of the merger using short-term debt borrowings. After the merger, NSTAR Electric Company will consider when and if it will be necessary to seek new Department approval for long-term financing. When Boston Edison priced the bonds, it anticipated that there was a significant probability that the long-term debt rates would rise (given that they were close to a 30-year low). In fact, if Boston Edison issued the debt today, it would be at a coupon of approximately 6.45 percent, which is 70 basis points higher than where they were priced in March. This translates to a savings of $42 million over the 30-year life of the bonds.

Information Request DTE-1-8

Refer to Exh. NSTAR-CLV-1, at 4-5, where Ms. Vaughan states that it is appropriate and necessary for the Department to confirm and ratify that all the franchise rights and obligations currently held by Cambridge and Commonwealth continue with Boston Edison after the consummation of the merger. Please identify the franchise rights and obligations that the Companies are requesting the Department to confirm and ratify.

Response

G.L. c. 164, § 21 ("Section 21") states: "A corporation subject to this chapter shall not, except as otherwise expressly provided, transfer its franchise, lease its works or contract with any person, association or corporation to carry on its works, without the authority of the general court." The Department has previously found that approval of a merger pursuant to G.L. c. 164, § 96 ("Section 96") obviates the need for legislative approval under Section 21 because Section 96 "expressly provide[s]" the Department with authority to review and approved mergers of subject corporations. Eastern Enterprises and Colonial Gas Company, D.T.E. 98-128, at 104 (1999); Eastern Enterprises and Essex County Gas Company, D.T.E. 98-27, at 75 (1998); Haverhill Gas Company, D.P.U. 1301, at 4-5 (1984). Accordingly, the Companies have requested that the Department confirm that NSTAR Electric, as the surviving corporation of the merger, will retain all the franchise rights and obligations that were previously held by each of the Companies and that further action, pursuant to G.L. c. 164, § 21, is not required to consummate the merger.

In approving the merger under Section 96, it is appropriate for the Department to confirm and to ratify that all of the franchise rights and obligations currently held by Cambridge and Commonwealth continue with Boston Edison and thereafter with NSTAR Electric upon the consummation of the merger. Among those rights and obligations are: (1) the exclusive rights and obligations of NSTAR Electric to provide distribution service within the former Companies' service territories as set forth in the Restructuring Act at G.L. c. 164, § 1B(a); (2) the rights and obligations to maintain the physical infrastructure necessary to exercise its transmission and distribution franchise, including, without limitation, (a) rights at railroad crossings to ensure continuity of service along and across these areas (see G.L. c. 164, § 73); (b) grants of locations in public ways; and (c) crossings of quasi-public lands (including property held by the Massachusetts Bay Transportation Authority, the Massachusetts Water Resources Authority, the Massachusetts Port Authority, the Massachusetts Turnpike Authority, the Department of Conservation and Recreation, etc.) (see G.L. c. 166, § 22); (3) rights and obligations obtained pursuant to NSTAR Electric's authority under G.L. c. 164, § 71 to construct transmission lines; (4) NSTAR Electric's ability to petition the Department under G.L. c. 164, § 72 for authority to construct transmission and distribution facilities; and (5) any and all other rights and responsibilities afforded to NSTAR Electric as a "distribution company" under Chapter 164 and any and all other applicable General Laws with regard to the transmission and distribution of electricity within the Commonwealth.

Information Request DTE-1-9

Please provide electronic copies in Microsoft Excel format with links and formulas in cells for the following exhibits: NSTAR-CLV-4, NSTAR-CLV-5, NSTAR-CLV-7, NSTAR-CLV-8, NSTAR-CLV-9, and NSTAR-CLV-10.

Response

Please refer to Attachment DTE-1-9, a CD containing the electronic copies in Microsoft Excel format with links and formulas in cells for the requested exhibits.

Information Request DTE-1-10

Please provide a new hard copy of Exh. NSTAR-CLV-3, at 82, as the copy submitted to the Department in the original filing is not legible.

Response

Please refer to Attachment DTE-1-10, a copy of page 82 of Exhibit NSTAR-CLV-3.

Proposed Merger Entry NSTAR Electric
Adjustments Debit/(Credit)
Balances as of 12/31/05 per FERC Form 1

| Account Number | Description | Commonwealth Electric Company | Cambridge Electric Light Co. | Canal Electric Company | Boston Edison Co. |
|---|---|---|---|---|---|
| 101 | Electric Plant in Service | (777,844,713) | (188,505,589) | (7,007,739) | 973,358,041 |
| 105 | Electric Plant Held for Future Use | (489,285) | - | | 489,285 |
| 106 | Completed Construction not Classified | (19,215,962) | (9,490,118) | | 28,706,080 |
| 107 | CWIP | (8,464,584) | (6,499,678) | | 14,964,262 |
| 108 | Accumulated Provision for Depreciation of Utility Plant | 281,257,854 | 57,169,277 | | (338,427,131) |
| 111 | Accumulated Provision for Amortization of Electric Utility Plant | 6,528,938 | 1,139,569 | | (7,668,507) |
| 121 | Nonutility Property | (41,054) | (119,228) | (8,994) | 169,276 |
| 122 | Accumulated Provision for Depreciation & Amortization | - | 18,835 | | (18,835) |
| 123.1 | Investment in Subsidiary Companies | (2,073,456) | (3,300,181) | (1,290,841) | 6,664,478 |
| 124 | Other Investments | (14,400) | (5,000) | | 19,400 |
| 131 | Cash | (2,173,454) | (477,621) | (20,920) | 2,671,995 |
| 142 | Customer Accounts Receivable | (43,588,225) | (14,746,444) | | 58,334,669 |
| 143 | Other Accounts Receivable | (1,225,125) | (283,531) | (18,517) | 1,527,173 |
| 144 | Accumulated Provision for Uncollectible Accounts | 3,705,113 | 691,588 | | (4,396,701) |
| 146 | Accounts Receivable from Associated Companies | (32,361,125) | (11,922,417) | (62,500,137) | 106,783,679 |
| 154 | Plant Materials and Operating Supplies | (7,483,249) | (2,862,795) | | 10,346,044 |
| 165 | Prepayments | (31,022,160) | (1,086,844) | (7,427) | 32,116,431 |
| 171 | Interest and Dividends Receivable | (819) | - | (356,777) | 357,596 |
| 172 | Rents Receivable | - | (1,462) | | 1,462 |
| 173 | Accrued Utility Revenues | (13,425,657) | (1,233,525) | | 14,659,182 |
| 181 | Unamortized Debt Expenses | (128,985) | (21,649) | | 150,634 |
| 182.3 | Other Regulatory Assets | (565,492,549) | (93,191,149) | | 658,683,698 |
| 185 | Temporary Facilities | 4,548 | 91,027 | | (95,575) |
| 186 | Misc. Deferred Debits | (142,874,866) | (32,888,875) | | 175,763,741 |
| 190 | Accumulated Deferred Income Taxes | (18,703,105) | (7,530,939) | (1,111,472) | 27,345,516 |
| | **TOTAL ASSETS** | **(1,375,126,320)** | **(315,056,749)** | **(72,322,824)** | 1,762,505,893 |
| 201 | Common Stock Issued | 51,099,300 | 8,665,000 | 8,863,325 | (68,627,625) |
| 207 | Premium on Capital Stock | 212,309,647 | 54,132,072 | 44,712,531 | (311,154,250) |
| 214 | Capital Stock Expense | - | - | (12,019) | 12,019 |
| 216 | Unappropriated Retained Earnings | 92,177,451 | 25,869,752 | 9,317,113 | (127,364,316) |
| 216.1 | Unappropriated Undistributed Subsidiary Earnings | 9,281 | 1,096,431 | | (1,105,712) |
| 224 | Other Long-Term Debt | 80,225,573 | 25,000,000 | | (105,225,573) |
| 227 | Obligations Under Capital Leases - Noncurrent | - | - | 6,491,089 | (6,491,089) |
| 229 | Accumulated Provision for Rate Refunds | 6,828,339 | 3,300,364 | | (10,128,703) |
| 230 | Asset Retirement Obligation | 318,935 | - | - | (318,935) |
| 231 | Notes Payable | - | 35,900,000 | | (35,900,000) |
| 232 | Accounts Payable | 26,417,772 | 12,967,564 | | (39,385,336) |
| 233 | Notes Payable to Associated Companies | 332,542,905 | - | | (332,542,905) |
| 234 | Accounts Payable to Associated Companies | 53,657,538 | 16,107,816 | 190,738 | (69,956,092) |
| 235 | Customer Deposits | 1,143,159 | 670,926 | | (1,814,085) |
| 236 | Taxes Accrued | 101,073 | - | 1,072,888 | (1,173,961) |
| 237 | Interest Accrued | 1,577,916 | 492,235 | | (2,070,151) |
| 241 | Tax Collections Payable | 323,083 | 210,451 | | (533,534) |
| 242 | Misc. Current & Accrued Liabilities | 38,759,288 | 19,478,225 | 108,530 | (58,346,043) |
| 243 | Obligations Under Capital Leases - Current | - | - | 516,650 | (516,650) |
| 252 | Customer Advances for Construction | 2,455,710 | 435,622 | | (2,891,332) |
| 253 | Other Deferred Credits | 232,828,123 | 58,092,321 | - | (290,920,444) |
| 254 | Other Regulatory Liabilities | 734,862 | 4,618,358 | | (5,353,220) |
| 255 | Accumulated Deferred Investment Tax Credits | 3,409,399 | 866,687 | | (4,276,086) |
| 282 | Accumulated Deferred Income Taxes-Other Property | 85,363,006 | 25,978,487 | | (111,341,493) |
| 283 | Accumulated Deferred Income Taxes-Other | 152,843,960 | 21,174,438 | 1,061,979 | (175,080,377) |
| | **TOTAL LIABILITIES** | **1,375,126,320** | **315,056,749** | **72,322,824** | (1,762,505,893) |

References 2005 FERC Form 1 pages 110-113, 200-201

Information Request DTE-1-11

Please provide a new hard copy of Exh. NSTAR-CLV-7, as the copies submitted to the Department in the original filing are not legible.

Response

Attached is a new hard copy of Exhibit NSTAR-CLV-7. It is also provided electronically as Attachment DTE-1-9.

**Cambridge Electric Light Company**
Annual 13.8kV Transmission Facilities Revenue Requirements
Cost Year: 2005
Sheet 1

| Col 1 | Col 2 | Col 3 | Col 4 | Col 5 |
|---|---|---|---|---|
| Line | Description | Tariff Section | Amount | Reference |
| 1 | Investment Base | II | | |
| 2 | 13.8 kV Plant | II.A.1.a | $ 72,821,605 | Sheet 3, Line 1, Col 8 |
| 3 | 13.8 kV Related Intangible and General Plant | II.A.1.b | 1,970,913 | Sheet 3, Line 4, Col 8 |
| 5 | Total Gross 13.8 kV Plant | | 74,792,518 | Sum Lines 2 thru 3 |
| 6 | 13.8 kV Related Depreciation and Amortization Reserve | II.A.1.c | (22,859,329) | Sheet 3, Line 9, Col 8 |
| 7 | 13.8 kV Related Accumulated Deferred Taxes | II.A.1.d | (10,300,807) | Sheet 3, Line 15, Col 8 |
| 8 | Total Net 13.8 kV Plant | | 41,632,382 | Sum Lines 5 thru 7 |
| 9 | 13.8 kV Related Gain/Loss on Reacquired Debt | II.A.1.e | - | Sheet 3, Line 16, Col 8 |
| 10 | Other Regulatory Assets/Liabilities | II.A.1.f | 295,799 | Sheet 3, Line 20, Col 8 |
| 11 | 13.8 kV Prepayments | II.A.1.g | 353,068 | Sheet 3, Line 21, Col 8 |
| 12 | 13.8 kV Materials and Supplies | II.A.1.h | 411,756 | Sheet 3, Line 22, Col 8 |
| 13 | 13.8 kV Related Cash Working Capital | II.A.1.i | 552,006 | Sheet 3, Line 29, Col 8 |
| 14 | Total Investment Base | | $ 43,245,011 | Sum Lines 8 thru 13 |
| 15 | Revenue Requirements | | | |
| 16 | Return and Associated Income Taxes | II.A.2 | $ 6,817,432 | Sheet 2, Line 38, Col 4 |
| 17 | 13.8 kV Transmission Related Depreciation and Amortization Expense | II.B | 2,259,571 | Sheet 4, Line 5, Col 8 |
| 18 | 13.8 kV Transmission Related Related Amort. of Loss on Reacquired Debt | II.C | - | Sheet 4, Line 6, Col 8 |
| 19 | 13.8 kV Transmission Related Related Amortization of Investment Tax Credi | II.D | (21,514) | Sheet 4, Line 7, Col 8 |
| 20 | 13.8 kV Transmission Related Related Municipal Tax Expense | II.E | 703,613 | Sheet 4, Line 8, Col 8 |
| 21 | 13.8 kV Related Transmission Related Payroll Tax Expense | II.F | 137,150 | Sheet 4, Line 9, Col 8 |
| 22 | 13.8 kV Transmission Related Operation and Maintenance Expense | II.G | 2,233,054 | Sheet 4, Line 10, Col 8 |
| 23 | 13.8 kV Related Transmission Related Administrative and General Expenses | II.H | 2,182,994 | Sheet 4, Line 20, Col 8 |
| 24 | 13.8 kV Transmission Support Revenues | II.I | (891,002) | Sheet 6, Line 3, Col 5 |
| 25 | 13.8 kV Transmission Support Expense | II.J | - | Sheet 6 |
| 26 | 13.8 kV Transmission Rents Recieved from Electric Property | II.K | - | Sheet 6 |
| 27 | 13.8 kV Short-term & Non-Firm Point-to-Point Service Revenue | II.L | - | Sheet 6 |
| 28 | Total 13.8 kV Revenue Requirements | | **$ 13,421,298** | Sum Lines 16 thru 27 |

**Cambridge Electric Light Company**
Investment Return and Income Taxes
Cost Year: 2005
Sheet 2

| Col 1 | Col 2 | Col 3 | Col 4 | Col 5 | Col 6 | Col 7 | Col 8 | Col 9 |
|---|---|---|---|---|---|---|---|---|
| Line | Description | Tariff Section | Balance | Ratio | Cost * | Weighted Cost | Equity Cost | Reference |
| 1 | Long Term Debt | II.A.2.a.i | 25,000,000 | 40.00% | 7.89% | 3.16% | | Page 112.24c |
| 2 | Preferred Stock | | - | 0.00% | 0.00% | 0.00% | 0.00% | Page 112.3c |
| 3 | Common Equity | II.A.2.a.ii | 89,763,255 | 60.00% | 12.80% | 7.68% | 7.68% | Page 112.16c (less Line 2) |
| 4 | Total | | 114,763,255 | 100.00% | | 10.84% | 7.68% | |
| 5 | Total Investment Base | | 43,245,011 | Sheet 1, Line 14, Col 4 | | | | |
| 6 | **Cost of Capital Rate** | II.A.2 | | | | | | |
| 7 | (a) Weighted Cost of Capital | II.A.2.a | 10.84% | Line 4, Col 7 | | | | |
| 8 | Return on Investment | | **$ 4,687,759** | Line 5 * Line 7 | | | | |
| 9 | (b) Federal Income Tax | II.A.2.b | (A + [(C + B) / D]) (FT) | | | | | |
| 10 | | | 1 - FT | | | | | |
| 11 | A = Equity Cost | | 7.68% | Line 4, Col 8 | | | | |
| 12 | B = Transmission Amortization of ITC | | (21,514) | Sheet 4, Line 7, Col 8 | | | | |
| 13 | C = Equity AFUDC | | - | Per Section II.B | | | | |
| 14 | Total B + C | | (21,514) | Lines 12 + 13 | | | | |
| 15 | D = Investment Base | | $ 43,245,011 | Line 5 | | | | |
| 16 | (B + C) / D | | -0.05% | Line 14 / Line 15 | | | | |
| 17 | (A + [(C + B) / D] | | 7.63% | Lines 11 + 16 | | | | |
| 18 | FT = Federal Income Tax Rate | | 35.00% | | | | | |
| 19 | 1 - FT | | 65.00% | 1 - Line 18 | | | | |
| 20 | Federal Tax Factor | | 4.10860% | Line 17 * Line 18 / Line 19 | | | | |
| 21 | Federal Income Taxes | | **$ 1,776,763** | Line 15 * Line 20 | | | | |
| 20 | (c) State Income Tax | II.A.2.c | (A + [(C + B) / D]) + Federal Income Tax) (ST) | | | | | |
| 21 | | | 1 - ST | | | | | |
| 22 | A = Equity Cost | | 7.68% | Line 4, Col 8 | | | | |
| 23 | B = Transmission Amortization of ITC | | (21,514) | Sheet 4, Line 7, Col 8 | | | | |
| 24 | C = Equity AFUDC | | - | Per Section II.B | | | | |
| 25 | Total B + C | | (21,514) | Lines 23 + 24 | | | | |
| 26 | D = Investment Base | | $ 43,245,011 | Line 5 | | | | |
| 27 | (B + C) / D | | -0.05% | Line 25 / Line 26 | | | | |
| 28 | (A + [(C + B) / D] | | 7.63% | Lines 26 + 27 | | | | |
| 29 | ST = State Income Tax Rate | | 6.50% | | | | | |
| 30 | 1 - ST | | 93.50% | 1 - line 29, Col 4 | | | | |
| 31 | Federal Tax Factor | | 4.11% | Line 20 | | | | |
| 32 | State Tax Factor | | 0.81607% | (Line 28 +Line 31) * Line 29 / Line 30 | | | | |
| 33 | State Income Taxes | | **$ 352,909** | Line 26 * Line 32 | | | | |
| 34 | Investment Return and Income Taxes | | | | | | | |
| 35 | Return on Investment | | $ 4,687,759 | Line 8 | | | | |
| 36 | Federal Income Taxes | | 1,776,763 | Line 21 | | | | |
| 37 | State Income Taxes | | 352,909 | Line 33 | | | | |
| 38 | Total | II.A.2 | **$ 6,817,432** | Sum Lines 35 thru 37 | | | | |

* See Sheet 7, Col 15, Line 3 for Cost of LTD

**Cambridge Electric Light Company**
Investment Base
Cost Year: 2005
Sheet 3

| Col 1 | Col 2 | Col 3 | Col 4 | Col 5 | | Col 6 | Col 7 | Col 8 | Col 9 |
|---|---|---|---|---|---|---|---|---|---|
| Line | Description | Tariff Section | Total | Allocation Factor | | Transmission Allocated (Col 4 x Col 5) | LNS Allocation Factor (b) | LNS Allocated (Col 6 x Col 7) | Reference |
| 1 | 13.8 kV Transmission Plant | II.A.1.a | $ 153,267,084 | 47.5129% | | $ 72,821,605 | 100.0000% | $ 72,821,605 | Sheet 8, Line 17 |
| 2 | Intangible Plant | II.A.1.b | 2,774,261 | 32.4857% | (a) | 901,237 | 100.0000% | 901,237 | Page 205.5g |
| 3 | General Plant | II.A.1.b | 3,292,765 | 32.4857% | (a) | 1,069,676 | 100.0000% | 1,069,676 | Page 207.90g |
| 4 | Total | II.A.1.b | 6,067,026 | | | 1,970,913 | | 1,970,913 | Sum Lines 2 thru 3 |
| 5 | 13.8 kV Transmission Accumulated Depreciation & Amortization | II.A.1.c | | | | | | | |
| 6 | 13.8 kV Transmission Accum Depreciation | | (47,324,150) | 47.5129% | (d) | (22,485,066) | 100.0000% | (22,485,066) | Page 219.26b |
| 7 | Intangible Plant Accum. Amortization | | (1,139,569) | 32.4857% | (a) | (370,196) | 100.0000% | (370,196) | Page 200.21b |
| 8 | General Plant Accum. Depreciation | | (12,517) | 32.4857% | (a) | (4,066) | 100.0000% | (4,066) | Page 219.27b |
| 9 | Total | | (48,476,236) | | | (22,859,329) | | (22,859,329) | Sum Lines 6 thru 8 |
| 10 | 13.8 kV Transmission Acc Def Taxes | II.A.1.d | | | | | | | |
| 11 | Accumulated Deferred Taxes (190) | | 7,530,939 | 13.6950% | (e) | 1,031,364 | 100.0000% | 1,031,364 | Page 234.2c (See Line 52) |
| 12 | Accumulated Deferred Taxes (281) | | - | | | | 100.0000% | - | Page 273.8k |
| 13 | Accumulated Deferred Taxes (282) | | (25,978,487) | 37.7748% | (c) | (9,813,326) | 100.0000% | (9,813,326) | Page 275.2k |
| 14 | Accumulated Deferred Taxes (283) | | (21,174,438) | 7.1730% | (f) | (1,518,845) | 100.0000% | (1,518,845) | Page 277.3k (See Line 73) |
| 15 | Total | | (39,621,986) | | | (10,300,807) | | (10,300,807) | Sum Lines 11 thru 14 |
| 16 | 13.8 kV Gain/Loss on Reacquired Debt | II.A.1.e | - | 37.7748% | (c) | - | 100.0000% | - | Page 111.81c + Page 113.61c |
| 17 | 13.8 kV Other Regulatory Assets/Liabilities | II.A.1.f | | | | | | | |
| 18 | FAS 106 (182.3 & 254) | | 1,367,955 | 32.4857% | (a) | 444,389 | 100.0000% | 444,389 | Page 232 & 278 |
| 19 | FAS 109 (182.3 & 254) | | (393,358) | 37.7748% | (c) | (148,590) | 100.0000% | (148,590) | Page 232 & 278 |
| 20 | Total | | 974,597 | | | 295,799 | | 295,799 | Sum Lines 18 thru 19 |
| 21 | 13.8 kV Transmission Prepayments | II.A.1.g | 1,086,844 | 32.4857% | (a) | 353,068 | 100.0000% | 353,068 | Page 111.57c |
| 22 | 13.8 kV Transmission M&S | II.A.1.h | 866,620 | 47.5129% | (d) | 411,756 | 100.0000% | 411,756 | Page 227.9c |
| 23 | 13.8 kV Cash Working Capital | II.A.1.i | | | | | | | |
| 24 | Operation & Maintenance Expense | | | | | | | 2,233,054 | Sheet 1, Line 22, Col 4 |
| 25 | Administrative & General Expense | | | | | | | 2,182,994 | Sheet 1, Line 23, Col 4 |
| 27 | Total | | | | | | | 4,416,048 | Sum Lines 24 thru 25 |
| 28 | Working Capital Factor | | | | | | | 0.125 | 45 / 360 |
| 29 | Total | | | | | | | 552,006 | Line 27 x Line 28 |

| | | | |
|---|---|---|---|
| 30 | (a) 13.8 kV Wage & Salary Allocation Factor | 32.4857% | Sheet 5, Line 8, Col 4 |
| 31 | (b) LNS Allocation Factor | 100.0000% | |
| 32 | (c) 13.8 kV Plant Allocation Factor | 37.7748% | Sheet 5, Line 15, Col 4 |
| 33 | (d) 13.8 kV Dist Plant Allocation Factor | 47.5129% | Sheet 5, Line 19, Col 4 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 34 | (e) Accumulated Deferred Taxes (190) | | | | | | | |
| 35 | Sale of Generating Assets | 1,200,565 | 0.0000% | | - | 100.0000% | - | |
| 36 | Demand Side Management revenue deferred | 1,819,609 | 0.0000% | | - | 100.0000% | - | |
| 37 | Bonus depreciation state limitation | 76,321 | 37.7748% | (c) | 28,830 | 100.0000% | 28,830 | |
| 38 | State loss limitation from 2000 net of amortization | 186,028 | 37.7748% | (c) | 70,272 | 100.0000% | 70,272 | |
| 39 | Regulatory Assets | 1,373,809 | 37.7748% | (c) | 518,954 | 100.0000% | 518,954 | |
| 40 | Charitable contributions | 5,805 | 37.7748% | (c) | 2,193 | 100.0000% | 2,193 | |
| 41 | Mitigation incentive reserve unbilled | 185,142 | 0.0000% | | - | 100.0000% | - | |
| 42 | NEPOOL | 19,473 | 37.7748% | (c) | 7,356 | 100.0000% | 7,356 | |
| 43 | Stare benefit of federal change | 15,857 | 37.7748% | (c) | 5,990 | 100.0000% | 5,990 | |
| 44 | Pension and PBOP costs | 845,417 | 32.4857% | (a) | 274,639 | 100.0000% | 274,639 | |
| 45 | Provision for rate refund | 1,289,216 | 0.0000% | | - | 100.0000% | - | |
| 46 | Sales tax abatement interest | 45,647 | 37.7748% | (c) | 17,243 | 100.0000% | 17,243 | |
| 47 | Self insurance reserves | 184,358 | 37.7748% | (c) | 69,641 | 100.0000% | 69,641 | |
| 48 | State net operating loss | 60,982 | 37.7748% | (c) | 23,036 | 100.0000% | 23,036 | |
| 49 | Early lease retirement (Prudential) | 40,666 | 32.4857% | (a) | 13,211 | 100.0000% | 13,211 | |
| 50 | Uncollectible accounts | 180,653 | 0.0000% | | - | 100.0000% | - | |
| 51 | Stock incentive plan | 1,391 | 0.0000% | | - | 100.0000% | - | |
| 52 | Total | 7,530,939 | 13.6950% | | 1,031,364 | | 1,031,364 | Page 234.2c |
| 53 | (f) Account 283 - Non-Property | | | | | | | |
| 54 | Deferral of power costs | 13,452,070 | 0.0000% | | - | 100.0000% | - | |
| 55 | Deferral of power costs-topside | (2,256,142) | 0.0000% | | - | 100.0000% | - | |
| 56 | Regulatory assets PBOP | 1,586,568 | 32.4857% | (a) | 515,407 | 100.0000% | 515,407 | |
| 57 | Cost to achieve expenditures | 849,639 | 0.0000% | | - | 100.0000% | - | |
| 58 | Gain of sale of assets | 4,189,415 | 0.0000% | | - | 100.0000% | - | |
| 59 | Federal appeals items | 2,058,660 | 37.7748% | (c) | 777,655 | 100.0000% | 777,655 | |
| 60 | FAS 106 costs-Medicare Act | 53,287 | 32.4857% | (a) | 17,311 | 100.0000% | 17,311 | |
| 61 | Environmental costs | 174,756 | 37.7748% | (c) | 66,014 | 100.0000% | 66,014 | |
| 62 | FAS 109 reserve transfer | 93,619 | 37.7748% | (c) | 35,364 | 100.0000% | 35,364 | |
| 63 | Interest accrued on potential tax deficiency | 4,395 | 37.7748% | (c) | 1,660 | 100.0000% | 1,660 | |
| 64 | Investment in HEEC/HQ earnings | 224,464 | 0.0000% | | - | 100.0000% | - | |
| 65 | ISO start-up costs deferred | 10,836 | 37.7748% | (c) | 4,093 | 100.0000% | 4,093 | |
| 66 | Rate design adjustment | 181,822 | 0.0000% | | - | 100.0000% | - | |
| 67 | Sale of generating assets | 281,622 | 0.0000% | | - | 100.0000% | - | |
| 68 | State liability for Federal change 1997-1999 | 66,728 | 37.7748% | (c) | 25,206 | 100.0000% | 25,206 | |
| 69 | RAAC deferred revenue | 1,152 | 0.0000% | | - | 100.0000% | - | |
| 70 | Interest on state and municipal accounts | 7,431 | 37.7748% | (c) | 2,807 | 100.0000% | 2,807 | |
| 71 | FAS 109 Other | (285,486) | 37.7748% | (c) | (107,842) | 100.0000% | (107,842) | |
| 72 | Other items | 479,602 | 37.7748% | (c) | 181,169 | 100.0000% | 181,169 | |
| 73 | Total | 21,174,438 | | | 1,518,845 | | 1,518,845 | Page 277.3k |

**Cambridge Electric Light Company**
Transmission Expenses
Cost Year: 2005
Sheet 4

| Col 1 | Col 2 | Col 3 | Col 4 | Col 5 | | Col 6 | Col 7 | Col 8 | Col 9 |
|---|---|---|---|---|---|---|---|---|---|
| Line | Description | Tariff Section | Total | Allocation Factor | | Transmission Allocated | LNS Allocation Factor (b) | LNS Allocated | Reference |
| | | | | | | (Col 4 x Col 5) | | (Col 6 x Col 7) | |
| 1 | 13.8 kV Depreciation & Amortization Expense | II.B | | | | | | | |
| 2 | 13.8 kV Transmission Plant Depreciation | II.B.i | $ 4,343,709 | 47.5129% | (d) | $ 2,063,821 | 100.0000% | $ 2,063,821 | Page 336.8b |
| 3 | Intangible Plant Amortization | II.B.ii | 528,332 | 32.4857% | (a) | 171,632 | 100.0000% | 171,632 | Page 336.1f |
| 4 | General Plant Depreciation | II.B.ii | 74,240 | 32.4857% | (a) | 24,117 | 100.0000% | 24,117 | Page 336.9b |
| 5 | Total | | 4,946,281 | | | 2,259,571 | | 2,259,571 | Sum Lines 2 thru 4 |
| 6 | Amortization of Gain/Loss on Reacquired Debt | II.C | - | 37.7748% | (c) | - | 100.0000% | - | Page 117.64c + Page 117.66c |
| 7 | Amortization of Investment Tax Credits | II.D | (56,952) | 37.7748% | (c) | (21,514) | 100.0000% | (21,514) | Page 266.8f |
| 8 | Municipal Tax Expense | II.E | 1,862,652 | 37.7748% | (c) | 703,613 | 100.0000% | 703,613 | Page 263.5i |
| 9 | Payroll Taxes | II.F | 422,187 | 32.4857% | (a) | 137,150 | 100.0000% | 137,150 | Page 263.7i + Page 263.10i |
| 10 | 13.8 kV Transmission Operations & Maintenance | II.G | 4,699,891 | 47.5129% | (d) | 2,233,054 | 100.0000% | 2,233,054 | Page 322.126b |
| 11 | Transmission Administrative & General | II.H | | | | | | | |
| 12 | Administrative and General | | 7,244,449 | | | | | | Page 323.168b |
| 13 | Property Insurance (924) | | (37,247) | | | | | | Page 323.156b |
| 14 | Regulatory Commission Expense (928) | | (495,635) | | | | | | Page 323.160b |
| 15 | General Advertising Expense (930.1) | | (35,008) | | | | | | Page 323.162b |
| 16 | Sub-Total | | 6,676,559 | 32.4857% | (a) | 2,168,924 | 100.0000% | 2,168,924 | Sum Lines 12 thru 15 |
| 17 | Property Insurance (924) | | 37,247 | 37.7748% | (c) | 14,070 | 100.0000% | 14,070 | See Line 13 |
| 18 | Regulatory Commission Expense (928) | | 495,635 | 0.0000% | | - | 100.0000% | - | See Line 14 |
| 19 | General Advertising Expense (930.1) | | 35,008 | 0.0000% | | - | 100.0000% | - | See Line 15 |
| 20 | Total | | 7,244,449 | | | 2,182,994 | | 2,182,994 | Sum Lines 16 thru 19 |

| | | | |
|---|---|---|---|
| 21 | (a) 13.8 kV Wage & Salary Allocation Factor | 32.4857% | Sheet 5, Line 8, Col 4 |
| 22 | (b) LNS Allocation Factor | 100.0000% | |
| 23 | (c) 13.8 kV Plant Allocation Factor | 37.7748% | Sheet 5, Line 15, Col 4 |
| 24 | (d) 13.8 kV Distribution Plant Allocation Factor | 47.5129% | Sheet 5, Line 19, Col 4 |

**Cambridge Electric Light Company**
Allocation Factors
Cost Year: 2005
Sheet 5

| Col 1 | Col 2 | Col 3 | Col 4 | Col 5 |
|---|---|---|---|---|
| Line | Description | Tariff Section | Amount | Reference |
| 1 | **13.8 kV Wages and Salaries Allocation Factor** | I.A.1 | | |
| 2 | Distribution Wages & Salaries | | $ 3,443,852 | Page 354.20b |
| 3 | 13.8 kV Distribution Plant Allocation Factor | | 47.5129% | Line 19 |
| 4 | 13.8 kV Transmission Wages & Salaries | | $ 1,636,273 | Line 2 x Line 3 |
| 5 | Total Wages and Salaries | | 6,427,080 | Page 354.25b |
| 6 | Administrative and General Salaries | | 1,390,170 | Page 354.24b |
| 7 | Net Wages and Salaries | | $ 5,036,910 | Line 5 - Line 6 |
| 8 | Allocation Factor | | **32.4857%** | Line 4 / Line 7 |
| 9 | **13.8 kV Plant Allocation Factor** | I.A.2 | | |
| 10 | 13.8 kV Transmission Plant | | $ 72,821,605 | Sheet 3, Line 1, Col 8 |
| 11 | 13.8 kV Transmission Related Intangible Plant | | 901,237 | Sheet 3, Line 2, Col 8 |
| 12 | 13.8 kV Transmission Related General Plant | | 1,069,676 | Sheet 3, Line 3, Col 8 |
| 13 | Total 13.8 kV Transmission Related Plant | | $ 74,792,518 | Sum Lines 10 thru 12 |
| 14 | Total Plant in Service | | $ 197,995,707 | Page 207.95g |
| 15 | Allocation Factor | | **37.7748%** | Line 13 / Line 14 |
| 16 | **13.8 kV Distribution Plant Allocation Factor** | I.A.3 | | |
| 17 | 13.8 kV Transmission Plant | | $ 72,821,605 | Sheet 8, Line 17, Col 6 |
| 18 | Total Distribution Plant in Service | | $ 153,267,084 | Page 207.75g |
| 19 | Allocation Factor | | **47.5129%** | Line 17 / Line 18 |

**Cambridge Electric Light Company**
13.8 kV Transmission Support Revenue Detail
Cost Year: 2005
Sheet 6

| Col 1<br>Line | Col 2<br>Description | Col 3<br>Tariff Section | Col 4<br>Amount | Col 5<br>Includable Amount | Col 6<br>Reference |
|---|---|---|---|---|---|
| 1 | Transmission Charges - Muni (456122 Belmont) | | (1,031,006) | (762,944) | Remaining amount credited in 115 kV |
| 2 | Transmission Charges - Muni (456122 MBTA) | | (200,274) | (128,058) | Remaining amount credited in 115 kV |
| 3 | Total | | (1,231,280) | (891,002) | |

**Cambridge Electric Light Company**
Cost of Long Term Debt
Cost Year: 2005
Sheet 7

| Col 1 | Col 2 | Col 3 | Col 4 | Col 5 | Col 6 | Col 7 | Col 8 | Col 9 | Col 10 | Col 11 | Col 12 | Col 13 | Col 14 | Col 15 | Col 16 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Long Term Debt | | | | | | | | | | | | | | |
| | Series | Dated | Term (Years) | Coupon Rate | Original Issue | Principal Amount Outstanding | Sinking Fund Requiremen | Pro Forma Amount Outstanding | Percent of Total | Total Debt Disc & Exp | Call Premium on Debt | Net Proceeds to Company | Cost to Maturity | Weighted Cost | Reference |
| | | | | | | | | Col 7 - Col 8 | Col 9 / Col 9 Total | | | Col 6 - Col 11 - Col 12 | Col 5 + (((Col 11 + Col 12) / | Col 10 * Col 14 | |
| 1 | Series H - 8.70% | 03/01/92 | 15 | 8.70% | $ 5,000,000 | $ 5,000,000 | $ - | $ 5,000,000 | 20.00% | $ 49,431 | $ - | $ 4,950,569 | 8.77% | 1.75% | Page 256 & 257, Line 4 |
| 2 | Senior Note - 7.62% | 11/24/99 | 15 | 7.62% | 20,000,000 | 20,000,000 | - | 20,000,000 | 80.00% | 149,269 | - | $ 19,850,731 | 7.67% | 6.14% | Page 256 & 257, Line 7 |
| 3 | Total | | | | $ 25,000,000 | $ 25,000,000 | $ - | $ 25,000,000 | 100.00% | $ 198,700 | $ - | $ 24,801,300 | | 7.89% | |

**Cambridge Electric Light Company**
13.8 kV Plant Factors
Cost Year: 2005
Sheet 8

| Col 1 | Col 2 | Col 3 | Col 4 | Col 5 | Col 6 | Col 7 |
|---|---|---|---|---|---|---|
| | | Tariff | | | 13.8 kV | |
| Line | Description | Section | Per Form 1 | Percent | Plant * | Reference |
| 1 | **13.8 kV Plant** | I.A.3 | | (Col 6 / Col 4) | | |
| 2 | Land and Land Rights (360) | | $ 237,789 | 36.2456% | $ 86,188 | Page 207.60g |
| 3 | Structures and Improvements (361) | | 10,155,494 | 99.5934% | 10,114,206 | Page 207.61g |
| 4 | Station Equipment (362) | | 51,124,093 | 60.1388% | 30,745,434 | Page 207.62g |
| 5 | Storage Battery Equipment (363) | | - | 0.0000% | - | Page 207.63g |
| 6 | Poles, Towers and Fixtures (364) | | 2,770,926 | 0.0000% | - | Page 207.64g |
| 7 | Overhead Conductors and Devices (365) | | 6,271,103 | 0.0000% | - | Page 207.65g |
| 8 | Underground Conduit (366) | | 20,075,228 | 42.8000% | 8,592,198 | Page 207.66g |
| 9 | Underground Conductors and Devices (367) | | 46,197,578 | 50.4000% | 23,283,579 | Page 207.67g |
| 10 | Line Transformers (368) | | 4,280,893 | 0.0000% | - | Page 207.68g |
| 11 | Services (369) | | 7,403,386 | 0.0000% | - | Page 207.69g |
| 12 | Meters (370) | | 3,941,065 | 0.0000% | - | Page 207.70g |
| 13 | Installations on Customer Premises (371) | | - | 0.0000% | - | Page 207.71g |
| 14 | Leased Property on Customer Premises (372) | | - | 0.0000% | - | Page 207.72g |
| 15 | Streetlights (373) | | 809,529 | 0.0000% | - | Page 207.73g |
| 16 | Asset Retirement Costs for Dist Plant (374) | | - | 0.0000% | - | Page 207.74g |
| 17 | Total Distribution Plant | | **$ 153,267,084** | **47.5129%** | **$72,821,605** | Sum Lines 2 thru 16 |

Information Request DTE-1-12

Please provide the Department with the docket numbers assigned to the filing to the Federal Energy Regulatory Commission ("FERC") included as Exh. NSTAR-CLV-3. Provide an update as to the status of FERC's investigation of that filing.

Response

The FERC filing provided in Exh. NSTAR-CLV-3, entitled "Application of the NSTAR Operating Companies under Section 203 of the Federal Power Act to Merge and Consolidate Their Facilities and of Boston Edison Company to Increase Its Authorization to Issue Short-Term Debt," has been docketed by FERC as Docket Nos. EC06-126-000 and ES06-50-000.

On June 7, 2006, FERC issued a Notice of Filing, setting June 16, 2006 as the deadline for the submittal of comments and interventions. On June 16, 2006, ISO New England Inc., Boston Generating, LLC ("Boston Generating"), and Belmont Municipal Light Department ("Belmont") filed Motions to Intervene in the proceeding, and Boston Generating and Belmont also filed a Protest and comments, respectively, on the Companies' filing. On June 21, 2006 the Massachusetts Attorney General filed a Motion to Intervene Out of Time. The Companies are awaiting further FERC action on the filing.

Information Request DTE-1-18

Refer to Exhs. NSTAR-CLV-1, at 22-25, and NSTAR-CLV-6. Please discuss the current state of the Companies filing at FERC regarding the reclassification of Cambridge's 13.8 kV line. What process does FERC follow in examining the filing? When do the Companies expect FERC to rule on this?

Response

In the Companies' application under Section 203 of the Federal Power Act to merge and consolidate their facilities, the application has informed FERC that is the Companies' intent to request that the Department permit the transfer of the cost recovery for the Cambridge 13.8 kV system to Department jurisdictional rates. If the Department approves the transfer, then the consolidated Company Local Transmission tariff would exclude these facilities and their associated costs.

As such, the process of receiving approval for the reclassification of the 13.8 kV facilities to distribution begins with the Department. When FERC mandated a seven-factor test to determine what facilities were classified as distribution, it deferred to the states to make the determination, so long as the seven-factor test was utilized. Thus, in D.P.U./D.T.E. 97-93, the Department determined that the proposed classification of 13.8 kV facilities as distribution for Cambridge was appropriate. The Department then requested a declaratory ruling from FERC requesting FERC to accept such determination, which it did. Thus, any subsequent changes to such determination should also be approved by the Department.

Information Request DTE-1-20

Refer to Exh. NSTAR-CLV-1, at 25. In the Companies' view, would the revenue requirement associated with the 13.8 kV facilities transferred from transmission to distribution be eligible for the "SIP" adjustment approved by the Department in D.T.E. 05-85?

Response

Yes, the transferred amount would be part of distribution rates, which would be adjusted annually for in accordance with the paragraph 2.6 of Department-approved Settlement Agreement in D.T.E. 05-85. Assuming that Cambridge's 13.8 kV revenue requirement is transferred to distribution rates on January 1, 2007, the next "SIP" adjustment would take effect January 1, 2008.

Information Request DTE-1-22

Refer to Exh. NSTAR-CLV-1, at 26 and 29. Please clarify the costs to be reconciled relating to the reclassification of the 13.8 kV line. Include in your answer which ratepayers will be affected and which portion of their bill will be subject to change.

Response

The costs that will be reconciled are the forecasted cost of service for the year 2006 of the 13.8 kV transmission system that is currently recoverable under the FERC approved Local Network Service Tariff for Cambridge. The costs include a return on rate base that includes 13.8 kV plant investment, allocations of accumulated depreciation, deferred taxes, materials and supplies, prepayments, regulatory assets and allowance for cash working capital. In addition to the return on rate base, an allocated amount of depreciation, municipal tax expense, payroll tax expense, O&M expense, related support expense and administrative and general expense is included in the 13.8 kV FERC revenue requirement. None of these 13.8 kV-related costs is presently included in Cambridge's distribution cost of service.

The customers of Cambridge will be affected only by a revenue-neutral transfer from Cambridge's transmission rates to its distribution rates.

Information Request DTE-1-23

Refer to Exh. NSTAR-CLV-1, at 14. Have the Companies performed an analysis or estimate of how the difference in pricing of power supplies between NEMA and SEMA will change when Boston Edison's new 345 kV line is placed in service? Is so, please provide the Department with this analysis.

Response

The Companies have not performed an analytical study to quantitatively estimate the impact on the pricing differentials of NEMA and SEMA resulting from the new 345 kV line going into service. However, the 345 kV line was designed to make additional power available at key locations within the transmission system to improve the existing area resource capability by at least 800 MW, in Phase 1, thus helping to address resource deficiencies arising from potential generating unit retirements. With the completion of Phase 2 and with the addition of subsequent transmission system reinforcements, including those proposed by National Grid, the import capabilities will be expanded by as much as 2,000 MW. As soon as the 345 kV line goes into service as part of the integrated transmission grid, it will provide access to lower cost excess generation capacity available in SEMA. As such, the 345 kV line will balance the pricing of power between SEMA and NEMA by unlocking the generation resources in the SEMA area to flow unimpeded to the NEMA area.